

## **Information and Resources Related to Possible Exemptions from Afghan Taxation for Projects Funded by U.S. Government Assistance**

The U.S. Government and Afghanistan have in place a number of bilateral agreements that may provide tax and other exemptions for U.S. government contractors and other implementing partners working on assistance programs. Not all work a contractor performs in Afghanistan is necessarily covered by such an agreement, and contractors engaged in activities that qualify for exemption from Afghan taxation are still required to register for the exemption with the Ministry of Finance. The U.S. Government expects each of its implementing partners delivering development assistance, including contractors and subcontractors, to comply fully with the laws of Afghanistan, including registration requirements and the payment of taxes where applicable.

### **Information Available on Tax Exemptions:**

The 2011 Afghanistan Country Commercial Guide, issued by the U.S. Commercial Service at the U.S. Embassy in Kabul is available online at [http://trade.gov/static/2011CCG\\_Afghan.pdf](http://trade.gov/static/2011CCG_Afghan.pdf) and contains in Chapter 3 a general description of the tax treatment of a range of U.S. agency development assistance and other contractors. USAID provides detailed information on tax issues related to USAID assistance to Afghanistan, including an information sheet specific to its implementing partners, at <http://afghanistan.usaid.gov/en/about/legal/taxation/>. The Department of Defense fact sheet on tax exemptions accorded U.S. contractors and contractor personnel under bilateral agreements with the Government of Afghanistan is available at [http://www.acq.osd.mil/dpap/ops/docs/TAB\\_A\\_-\\_Incoming\[1\].pdf](http://www.acq.osd.mil/dpap/ops/docs/TAB_A_-_Incoming[1].pdf).

Non-profit/non-governmental organizations (NGOs) working in Afghanistan may also want to consider whether Afghanistan's NGO Law provides tax or other exemptions for their operations, and any entity receiving a grant from the U.S. Government may want to consider whether Afghanistan's Income Tax Law provides tax exemptions related to those grants.

**Seeking Specific Advice:** The information and links to resources in this notice provide only general guidance. This notice cannot substitute for specific registration or tax advice. While contracting officers and/or grants officers may be able to provide basic factual information relating to whether particular grants or contracts may qualify for exemptions under an agreement, the U.S. Embassy cannot provide specific tax or registration advice to private firms. A list of attorneys in Afghanistan who have expressed a willingness to carry out legal services for American citizens is available on the Embassy website at <http://kabul.usembassy.gov/lol.html>.

**Embassy Contact Points:** The Embassy is working with the Government of Afghanistan to ensure consistent application of bilateral agreements pertaining to the taxation of U.S. government contractors and other implementing partners working on assistance programs. The Embassy is best able to address these issues when it is fully apprised of the experiences of the private sector. U.S. Government contractors and other implementing partners who have an unresolved dispute with Afghan officials over tax exemptions applicable to assistance programs may contact the Embassy by email to [kabuldodcustoms@state.gov](mailto:kabuldodcustoms@state.gov). So that the Embassy can provide appropriate assistance, please include the following information in your email: the nature of the dispute, the contract or grant date, the contract or grant number, and issuing agency, details of discussions with the contracting or grants officer, and steps taken to resolve the matter with the Afghan Ministry of Finance.